

Message Text

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21

ACTION EUR-12

INFO OCT-01 ISO-00 IO-10 CIAE-00 DODE-00 PM-03 H-02 INR-07

L-02 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

EB-07 ACDA-05 SAJ-01 TRSE-00 OMB-01 CIEP-01 COME-00

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R 151530Z APR 75

FM AMEMBASSY NICOSIA

TO SECSTATE WASHDC 1524

AMEMBASSY SOFIA

INFO AMEMBASSY ATHENS

AMEMBASSY LONDON

AMEMBASSY ANKARA

USMISSION USUN

USMISSION USNATO

AMEMBASSY PRAGUE

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E. O. 11652: N/A

TAGS: PFOR CY BU

SUBJECT: BULGARIA PROMOTES ECONOMIC/COMMERCIAL TIES WITH
CYPRUS

1. SUMMARY: FIVE-MAN DELEGATION VISITED GREEK CYPRUS
MARCH 31 - APRIL 4 TO NEGOTIATE AGREEMENT FOR IMPORT OF
CYPRIOT CONSTRUCTION WORKERS TO BULGARIA. ISSUE RE PAY-
MENT FOR WORKERS STILL UNRESOLVED BUT GOC OFFICIAL PRE-
DICTS SOME WORKERS WILL GO TO BULGARIA THIS SUMMER. GOC
NEGOTIATING SIMILAR AGREEMENT WITH CZECHOSLOVAKIA.
BULGARIANS ALSO APPEAR ENCOURAGE PRIVATE VENTURES ON
FAVORABLE TERMS. GOVERNMENT AGREEMENTS AND BUSINESS DEALS,
WHILE MODEST IN ECONOMIC TERMS, HAVE POTENTIAL POLITICAL IMPACT,
IN THAT THEY WOULD REINFORCE PATTERN OF COMMUNIST SUPPORT FOR
GOC, MAKARIOS. END SUMMARY.

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2. DELEGATION MADE UP OF: N. VATCHEV (LEADER), AND

G. VELITCHKI, DEPUTY MINISTERS OF BUILDING AND AGRICULTURE;
J. SOLACOV, DEPUTY MINISTER OF LABOR & SOCIAL INSURANCE;
M. ATANASSOV, DIRECTOR "SOFSTROI"; N. OBRESHKOV, DIRECTOR
MINISTRY FINANCE. GOB AMBASSADOR POPOV GAVE "GUIDANCE."

3. GROUP MET WITH: GOC MINISTERS OF LABOR, FINANCE,
COMMERCE; SERVICE OFFICIALS OF MFA, CENTRAL BANK,
ATTORNEY GENERAL'S OFFICE; LABOR LEADERS OF COMMUNIST
FEDERATION (PEO) AND NON-COMMUNIST CONFEDERATION (SEK).
TOURED REFUGEE CAMP, SAW CLASSIC RUINS IN SOUTHERN
CYPRUS. DELEGATION IGNORED TURKISH PART OF ISLAND.

4. GOC MEDIA, PRESS (PARTICULARLY COMMUNIST SHEETS)
GAVE VISIT SPLASHY COVERAGE. VATCHEV SPOKE OF GOB
DESIRE INITIALLY BRING 1500-2000 GREEK CYPRIOT CON-
STRUCTION WORKERS TO BULGARIA THIS YEAR (REF FBIS TA311645Z).
HE CLAIMED GOB NEEDS SPECIALISTS ON SUCH PROJECTS AS PAINT-
ING, MOSAICS, FLOOR TILES.

5. VISIT DID NOT REPEAT NOT PRODUCE AGREEMENT. WHEN
TALKS ENDED APRIL 4, GOC SPOKE OF COMPLETION "FIRST
PHASE"; AMB. POPOV CITED "CERTAIN PROBLEMS" TO BE OVER-
COME (REF TA 041851Z). MINLABOR DIRGEN SPARSIS TELLS US
THESE CONCERN METHOD OF PAYMENT FOR CYPRIOT WORKERS.
GOC WANTS DOLLARS; GOB, PAYMENT IN KIND. SPARISS, HOW-
EVER, OPTIMISTIC ISSUE WILL BE RESOLVED SOON, THAT
WORKERS WILL GO BULGARIA THIS SUMMER ONCE PRIVATE CON-
TRACTS SIGNED.

6. SPARSIS CONFIRMED THAT GOC WORKING OUT SIMILAR DEAL
(INVOLVING 1,000 WORKERS) WITH CZECHOSLOVAKIA, WHICH
ABLE PAY IN HARD CURRENCY.

7. COMMENT: THOUGH NOT REPEAT NOT DRAMATIC IN ECONOMIC
TERMS, THESE AGREEMENTS WOULD HELP RELIEVE UNEMPLOYMENT
PROBLEM IN CYPRUS. POLITICAL IMPACT IS MUCH GREATER,
BECAUSE SUCH AGREEMENTS WOULD BE SHOW EVIDENCE OF COMMUNIST
SUPPORT FOR MAKARIOS AND INDICATIVE OF SOVBLOC
INTENTIONS TO PRESS COMMERCIAL RELATIONS. ADDED SECURITY
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RISK HARD TO MEASURE BUT DOES CONCERN SOME SECTORS OF
GREEK CYPRIOT OPINION. END COMMENT.

8. WOULD APPRECIATE ANY FURTHER DATA FROM EMBASSY SOFIA.

9. ANOTHER FACET OF BULGARIAN GAMBIT REPORTED BY LEADING
CYPRIOT INDUSTRIALIST WHO WENT SHOPPING IN SOFIA RE-
CENTLY FOR TEXTILE PLANT. BULGARIANS ACCORDED VIA TREAT-
MENT THROUGHOUT, INCLUDING MEETINGS AT MINISTERIAL LEVEL,
AND INDUSTRIALIST CONCLUDED DEAL HE CONSIDERS VERY

FAVORABLE. BULGARIANS WILL CONSTRUCT PRE-FAB PLANT SKELETON AT LOW COST (FINANCED WITH HELP OF GOC) AND AGREE TO ABSORB SIZEABLE PERCENTAGE OF PLANT'S OUTPUT FOR TEN YEARS AFTER COMPLETION, FACT WHICH VIRTUALLY GUARANTEES VENTURE'S FINANCIAL VIABILITY. NEW PLANT WILL PROVIDE WORK FOR UP TO 150 CYPRIOTS. BULGARIAN HOSTS MADE CLEAR THEY HOPE TO COME TO CYPRUS FOR HIGH LEVEL, WELL PUBLICIZED RIBBON-CUTTING CEREMONY WHEN PLANT INAUGURATED. CYPRIOT INDUSTRIALIST, WHO HERETOFORE SOLIDLY ORIENTED TOWARDS WESTERN EUROPE IN BUSINESS DEALINGS, SEES THIS PUBLICITY AS SMALL PRICE TO PAY FOR SUCH FAVORABLE CONTRACT.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEETING DELEGATIONS, NEGOTIATIONS, LABOR FORCE, FOREIGN WORKERS
Control Number: n/a
Copy: SINGLE
Draft Date: 15 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975NICOSI01351
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750132-0301
From: NICOSIA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750451/aaaabuxh.tel
Line Count: 128
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 01 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01 MAY 2003 by ShawDG>; APPROVED <20 MAY 2003 by MorefiRH>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BULGARIA PROMOTES ECONOMIC/COMMERCIAL TIES WITH CYPRUS
TAGS: PFOR, CY, BU
To: STATE SOFIA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006